



# PRESS RELEASE

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IRS – Criminal Investigation

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### **Two Brothers Sentenced to Prison for Filing Fraudulent Tax Returns Seeking Refunds of Over \$224 Million**

*Defendants Received \$16 Million in Refunds After Filing Bogus Tax Returns*

Two brothers were sentenced to prison today in the U.S. District Court for the District of Maryland after pleading guilty in January for perpetrating a scheme in which they filed 46 fraudulent income tax returns seeking refunds in excess of \$224 million, announced Acting Assistant Attorney General Caroline D. Ciralo of the Justice Department's Tax Division, U.S. Attorney Rod J. Rosenstein of the District of Maryland and Special Agent in Charge Thomas Jankowski of the Internal Revenue Service-Criminal Investigation (IRS-CI), Washington, D.C. Field Office.

Sean Aude Gallman, 39, of Upper Marlboro, Maryland, was sentenced to serve 132 months in prison, followed by three years of supervised release. His brother Eric Maurice Gallman, 42, of Huntersville, North Carolina, was sentenced to serve 48 months in prison, followed by three years of supervised release. The Gallmans pleaded guilty on Jan. 19 to conspiracy to commit mail and wire fraud, mail fraud and conspiracy to commit money laundering. Sean Gallman also pleaded guilty to aggravated identity theft and money laundering charges. Sean and Eric Gallman were each ordered to pay restitution to the IRS in the amount of \$16,512,492.

"The Gallman brothers engaged in a willful and deliberate scheme to steal from the U.S. Treasury and in turn, U.S. taxpayers," said Acting Assistant Attorney General Ciralo. "The Department will continue to aggressively investigate and prosecute individuals and entities engaged in this criminal conduct, and will seek substantial prison terms, fines and full restitution to hold defendants accountable and send a strong message to potential offenders."

"These two criminals filed bogus tax returns claiming 'refunds' that were not owed, and stole over \$16 million from the IRS," said U.S. Attorney Rosenstein. "Federal agents and prosecutors have a duty to pursue perpetrators of such fraud schemes and try to recover money stolen from the U.S. Treasury."

"Using the U.S. Treasury as a personal piggy bank to obtain millions of dollars in fraudulent refunds, the Gallmans not only showed their blatant disregard of the law, but also for the American taxpayer," said Special Agent in Charge Jankowski. "Today's sentencings emphasize that such greed based criminal behavior comes with a cost."

According to evidence presented by the government, the Gallmans established trusts and business entities and used mailboxes at numerous private commercial postal carrier stores in Maryland and North Carolina as the addresses for the trusts and business entities. The defendants, acting as trustees and agents, mailed fraudulent tax returns to the IRS in the names of the trusts and businesses requesting refunds.

For example, in January 2013, Sean Gallman mailed to the IRS a fraudulent 2012 tax return in the name of the Gallman Charitable Trust, requesting a refund of \$8,218,930. Also around this time, the defendants mailed to the IRS a fraudulent 2012 tax return in the name of LEA Group Holdings Trust, requesting a refund of \$8,293,562. The defendants knew that the trusts were not entitled to the tax refunds. After receiving refund checks in these amounts, on Feb. 15 and March 11, 2013, the defendants deposited the funds into bank accounts they controlled. To hide their receipt of these refunds, the defendants used cashier's checks and other financial instruments to transfer a portion of the money to third parties and other bank accounts.

Altogether, the Gallman brothers filed a total of approximately 46 fraudulent tax returns seeking refunds totaling \$224,676,998, for which the IRS paid two refunds totaling \$16,512,492.

In addition to the prison terms, U.S. District Judge Paul W. Grimm of the District of Maryland ordered the Gallmans to forfeit the amount of the refunds paid by the IRS, including \$11,529,954 seized from numerous bank accounts; foreign currency and gold and silver coins seized from a residence in Upper Marlboro; nine residential properties located in Upper Marlboro and Laurel, Maryland, North Carolina and South Carolina; and two Mercedes-Benz vehicles and a Hyundai vehicle.

Acting Assistant Attorney General Ciraolo, U.S. Attorney Rosenstein and Special Agent in Charge Jankowski thanked special agents of IRS-CI, who investigated the case and Assistant U.S. Attorney Thomas P. Windom of the District of Maryland and Trial Attorney Erin Pulice of the Tax Division, who prosecuted the case.

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